

7178

LEASE OF RAILROAD EQUIPMENT

RECORDATION NO. _____

Filed & Recorded

DATED September 28 19 73

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INTERSTATE COMMERCE COMMISSION

FROM

GREYHOUND LEASING & FINANCIAL CORPORATION,

A DELAWARE CORPORATION,

LESSOR

TO

THOMAS F. PATTON, AND
RALPH S. TYLER, JR.

Trustees of the Property of

The Erie Lackawanna Railway Company,

LESSEES

THIS LEASE OF RAILROAD EQUIPMENT, dated September 28, 1973, between GREYHOUND LEASING & FINANCIAL CORPORATION, a corporation of the State of Delaware, (hereinafter called "Lessor"), and THOMAS F. PATTON, and RALPH S. TYLER, JR., as Trustees of the property of The Erie Lackawanna Railway Company, Debtor, (hereinafter called the "Railroad"), and the successors of said Trustees, or any of them, (hereinafter called "Lessees").

WITNESSETH:

WHEREAS, Trailmobile division of Pullman, Inc. (hereinafter called "Manufacturer") and Lessor have entered into a Purchase Agreement (hereinafter the "Purchase Agreement") whereby Manufacturer has agreed to manufacture, sell and deliver and Lessor has agreed to purchase and pay for 300 piggyback trailers (hereinafter called the "Trailers") which are identified in Exhibit A attached hereto; and,

WHEREAS, the Trailers are to be manufactured in accordance with the specifications approved by Lessees, (hereinafter called the "Specifications"); and,

WHEREAS, Lessor, in consideration of Lessees' agreement to lease the Trailers from Lessor, has assigned to Lessee by an agreement called Warranty Assignment dated as of the date hereof all of the Manufacturer's warranties contained in the Purchase Agreement; and,

WHEREAS, the terms and provisions contained in this Lease and the Warranty Assignment constitute the only understanding, oral or written, between Lessor and Lessees relating to the Trailers; and,

WHEREAS, the aforesaid Thomas F. Patton and Ralph S. Tyler, Jr. have been duly appointed Trustees of the property of the Railroad by an order of the United States District Court for the Northern District of Ohio (the Court) in a proceeding under Section

77 of the Bankruptcy Act entitled "In the Matter of Erie Lackawanna Railway Company, Debtor, No. B-72-2838", and said appointment has been duly ratified by an order of the Interstate Commerce Commission, and said Trustees have duly qualified as such and are now in possession of and operating the property of the Railroad pursuant to the provisions and directions contained in orders of said Court; and

WHEREAS, by an order of said Court dated September 26, 1973, the form and terms of this Lease were approved by said Court in substantially the present form hereof, and Lessees were duly authorized and directed to execute and deliver this Lease, and otherwise to make and carry out the covenants and agreements on their part herein contained; and

WHEREAS, Lessees represent that all acts and things necessary to make this Lease valid and binding upon Lessees have been done and performed.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by Lessees, Lessor hereby leases the Trailers to Lessees and Lessees hereby hire the Trailers from the Lessor upon the following terms and conditions:

SECTION 1. DELIVERY AND ACCEPTANCE OF TRAILERS. During the manufacture of each Trailer the Lessees will cause the materials and other components which are to be incorporated in, and the construction of, such Trailer to be inspected by their authorized representative at Manufacturer's Westpoint, New York plant. Promptly after completion of manufacture thereof Lessor will require the Manufacturer to cause such Trailer to be tendered to Lessor and, on behalf of Lessor, to Lessees at Lessee's facility at Scranton, Pennsylvania. Upon such tender Lessees will forthwith cause such Trailer to be further inspected by the authorized representative referred to above and, if such Trailer complies fully with the Specifications and is in good order and ready for service, Lessees will cause such representative to execute and deliver to Lessor and to the Manufacturer a Certificate of Inspection and Acceptance, substantially in the form hereto attached as Exhibit B, whereupon such Trailer shall be deemed to have been delivered to and accepted by Lessees, and shall be subject immediately thereafter to all the terms and conditions of this Lease.

In the event that less than all of the Trailers are delivered and accepted under the terms of this Lease, then concurrently with the delivery and acceptance of the last Trailer so delivered and accepted, Lessees will cause to be executed and delivered to Lessor a supplement to this Lease, in substantially the form attached as Exhibit C hereto.

At all times during the continuance of this Lease title to the Trailers shall be vested in Lessor to the exclusion of Lessee, and any rights of Lessee in respect of the Trailers shall constitute a leasehold interest only.

The Trailers are to be delivered by the Manufacturer to the Lessor on or before May 31, 1974 subject to rescheduling of shop space and delays due to strikes, differences with workmen, labor troubles, acts of God, Governmental acts and regulations, war or war conditions, riots or civil commotion, sabotage, fires, floods, explosions or other accidents, or to delays of carriers or of subcontractors or in receipt of materials, or to any other cause or causes (whether or not of the same general character as those herein specifically enumerated) beyond Manufacturer's reasonable control. This Lease shall not be effective as to any Trailers not delivered and accepted on or before May 31, 1974 (the cutoff date) unless and to the extent such delivery and acceptance is delayed for the reasons above stated. The Manufacturer has reserved the right to schedule construction of the Trailers before or after orders received for trailers from other customers before or after the date of this Lease, but will schedule the Trailers for construction so that under normal business conditions the Trailers would be completed by May 31, 1974. Delays above mentioned occurring before or during such construction period will excuse delivery by such date and extend the cutoff date.

SECTION 2. TERM OF THE LEASE. The term of this Lease (hereinafter called the "Term"), as to each Trailer shall commence on the date of delivery to Lessees specified in the Certificate of Inspection and Acceptance for such Trailer (hereinafter the "Delivery Date") and, subject to the provisions of Sections 9 and 11 hereof, shall terminate 96 months thereafter (hereinafter called the "Term Terminal Day").

Unless an Event of Default under Section 11 hereof shall have occurred and be continuing, Lessees shall have the right and option, by written notice given to Lessor not less than six months (6) prior to the Term Terminal Day, for the first of the Trailers delivered pursuant to this Lease to purchase all, but not less than all, of the Trailers at a price equal to their then fair market value.

From and after the date of execution hereof until the expiration or termination of the Term, this Lease shall not be subject to termination by Lessor except pursuant to Section 11 hereof upon the occurrence of an Event of Default, or by Lessees except pursuant to Section 9 hereof.

SECTION 3. RENTALS. Lessees agree to pay to Lessor, in cash, for the Term of this Lease rental for each of the Trailers subject to this Lease at the monthly rate specified for such type of Trailer on Exhibit A hereof. Such rental shall be payable monthly in advance and shall commence to accrue on the Delivery Date for each Trailer and shall continue during the period ending on the earlier of (i) the Term Terminal Day, or (ii) the date, if any, on which this Lease shall terminate with respect to any such Trailer pursuant to Section 9 or Section 11 hereof.

As additional rental Lessees shall pay and discharge, when due, all taxes for which it is liable pursuant to Section 7 of this Lease and all insurance premiums for which it is liable pursuant to Section 8 of this Lease.

Lessees will pay, to the extent legally enforceable, interest at the rate of 10% per annum upon rentals remaining unpaid after the same shall have become due and payable under any of the provisions of this Lease.

All payments to be made to Lessor shall be made at the office of Lessor at Greyhound Tower, Phoenix, Arizona 60606 or at such other place or places as shall be directed in writing by Lessor.

SECTION 4. COVENANTS, REPRESENTATIONS AND WARRANTIES.

(a) Lessor represents and warrants that at the time a Trailer becomes subject to this Lease, Lessor will be the true and lawful owner thereof and that such Trailer will be free and clear of all liens and encumbrances of any nature whatsoever except only the rights of Lessees hereunder and of the holder of any chattel mortgage or conditional sale agreement or of the trustee of an equipment trust or of the holder of any other lien created by the Manufacturer or the Lessor on such Trailer (subject to the rights of Lessees) and except for liens for taxes, assessments or governmental charges or levies not yet due and delinquent or not yet subject to penalty for non-payment, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business and not delinquent (such liens being herein called "Permitted Liens"). Lessor agrees to pay or hold the Lessees harmless from any such Permitted Liens. THE FOREGOING WARRANTY IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES BY LESSOR, WHETHER WRITTEN, ORAL OR IMPLIED INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF ANY KIND.

(b) Lessees represent and warrant that:

(i) Lessees, Thomas F. Patton and Ralph S. Tyler, Jr., have been duly appointed as Trustees of the Property of the Railroad by an order of the United States District Court for the Northern District of Ohio; the appointment of said Trustees has been duly ratified by an order of the Interstate Commerce Commission; and said Trustees are duly vested with the title to the properties of the Railroad and have the power and authority to carry on its business.

(ii) The execution and delivery of this Lease by Lessees and their assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessees in accordance with its terms.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the Trailers are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Railroad or Lessees.

(iv) There is no provision in any existing mortgage, indenture, contract or agreement binding on the Railroad or Lessees which would be contravened by the execution, delivery or performance by the Lessees of the terms of the Lease.

(v) No consent of the trustees or holders of any indebtedness is or will be required as a condition to the validity of this Lease.

(vi) Except for the authorization by the United States District Court for the Eastern District of Ohio of the execution and delivery of this Lease by the Lessees, no governmental authorizations, approvals or exemptions are required and no registration with any governmental agency or commission is necessary for the execution, delivery or performance of this Lease or for the validity and enforceability hereof or for the leasing of the Trailers hereunder, for the rentals and on the other terms and conditions herein provided; or if any such authorizations or registrations are required, they will be or have been obtained or accomplished and, if any such shall hereafter be required, they will be promptly obtained or accomplished.

(vii) No litigation or administrative proceedings are pending or, to the knowledge of Lessees, are threatened against Lessees, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.

(viii) The execution, delivery and performance of this Lease will not contravene any provision of law, including without limitation thereto any statute, rule, regulation, judgment, decree, order, franchise, or permit applicable to the Railroad or Lessees.

(ix) Obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration, and Lessor shall be entitled to repossess the Trailers in accordance with the provisions of this Lease.

SECTION 5. OPINIONS OF COUNSEL. Concurrently with the delivery of Certificates of Inspection and Acceptance hereunder, Lessees will deliver to Lessor an opinion of Richard Jackson Esq., Counsel for Lessees, or an attorney designated by him, satisfactory to Lessor, to the effect that:

(i) Lessees, Thomas F. Patton and Ralph S. Tyler, Jr. have been duly appointed as Trustees of the Property of the Railroad by an order of the United States District Court for the Northern District of Ohio; the appointment of said Trustees has been duly ratified by an order of the Interstate Commerce Commission; and said Trustees are duly vested with the title to the properties of the Railroad and have the power and authority to carry on its business.

(ii) The execution and delivery of this Lease by Lessees and their assumption and undertaking of the obligations, duties and liabilities hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding and enforceable against Lessees in accordance with its terms.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the Trailers are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Railroad or Lessees.

(iv) There is no provision in any existing mortgage, indenture, contract or agreement binding on the Railroad or Lessees which would be contravened by the execution, delivery or performance by the Lessees of the terms of the Lease.

(v) No consent of the trustees or holders of any indebtedness is or will be required as a condition to the validity of this Lease.

(vi) No litigation or administrative proceedings are pending or, to the knowledge of Lessees, are threatened against Lessees, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.

(vii) The execution, delivery and performance of this Lease will not contravene any provision of law, including without limitation thereto any statute, rule, regulation, judgment, decree, order, franchise, or permit applicable to the Railroad or Lessees.

(viii) Obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration, and Lessor shall be entitled to repossess the Trailers in accordance with the provisions of this Lease.

(ix) This Lease has been filed and recorded in such public offices as are necessary for the full protection of the rights of Lessor in the United States of America and in Canada.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the Trailers are free and clear of the lien, charge or security interest created by any mortgage, security agreement or other instrument binding upon the Railroad or Lessees.

(iv) There is no provision in any existing mortgage, indenture, contract or agreement binding on the Railroad or Lessees which would be contravened by the execution, delivery or performance by the Lessees of the terms of the Lease.

(v) No consent of the trustees or holders of any indebtedness is or will be required as a condition to the validity of this Lease.

(vi) No litigation or administrative proceedings are pending or, to the knowledge of Lessees, are threatened against Lessees, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.

(vii) The execution, delivery and performance of this Lease will not contravene any provision of law, including without limitation thereto any statute, rule, regulation, judgment, decree, order, franchise, or permit applicable to the Railroad or Lessees.

(viii) Obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessees, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessees; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration, and Lessor shall be entitled to repossess the Trailers in accordance with the provisions of this Lease.

(ix) This Lease has been filed and recorded in such public offices as are necessary for the full protection of the rights of Lessor in the United States of America and in Canada.

(x) Approval of the Court in the proceedings for the reorganization of the Railroad has been obtained and no other governmental authority is necessary for the execution and delivery of this Lease, or if any such approval is necessary (specifying the same), that it has been obtained. Counsel for Lessees or attorneys designated by him to deliver such opinion to Lessor may rely upon an opinion of Canadian counsel.

SECTION 6. IDENTIFICATION OF CARS: NUMBERING. Upon or before the delivery to Lessees of each of the Trailers, the Lessees agree to cause to be plainly, distinctly, permanently and conspicuously placed or fastened upon each side of such Trailer a legend bearing the following words in letters not less than one inch in height:

"GREYHOUND LEASING & FINANCIAL CORPORATION,
PHOENIX, ARIZONA, OWNER AND LESSOR"

In case, during the continuance of this Lease, any such legend shall at any time be painted over or otherwise made inconspicuous, removed, defaced or destroyed on any Trailer, Lessees shall immediately cause the same to be restored or replaced. Lessees will not allow the name of any person, association or corporation to be placed on any of the Trailers as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Lessor or its assignee; but the Trailers may be lettered with the names or initials or other insignia customarily used by Lessees on equipment of the same or a similar type for convenience of identification of the rights to use and operate the Trailers under this Lease.

On or prior to the time of delivery of each Trailer to Lessees, the Lessees agree to cause to be placed on each side of such Trailer the identifying reporting mark of the Railroad and the Railroad's Road Number. At all times thereafter, during the continuance of this Lease, Lessees will cause each Trailer to bear the numbers and reporting marks so assigned to it, and Lessees will not change or permit to be changed the numbers of any Trailer except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with Lessor by the Lessees and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

SECTION 7. TAXES. Lessees agree that, during the continuance of this Lease, in addition to the rentals herein provided, Lessees will promptly pay all taxes, assessments, license fees and other governmental charges (including interest and penalties thereon) levied or assessed upon or in respect of the Trailers or any thereof or upon the use or operation thereof or the earnings arising therefrom, if and to the extent that any such taxes, assessments or other governmental charges may give rise to any lien upon the Trailers or may become a claim entitled to priority over any of the rights of Lessor in and to the Trailers, and as additional rental will promptly pay or reimburse Lessor for all taxes, assessments, license fees and other governmental charges (including interest and penalties thereon) levied or assessed against Lessor or any predecessor or successor in title of Lessor solely on account of ownership of the Trailers or any thereof or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of any tax in the nature of an income tax on the net income from the rentals herein provided), including any sales, use, property or similar taxes payable on account of the sale or delivery of the Trailers hereunder; but Lessees shall not be required to pay the same so long as they shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of Lessor, the rights or interest of Lessor will be materially endangered, nor shall Lessees be required to make any tax payment which is deferred by order of a court having jurisdiction, provided that such deferment shall not subject the title and interest of Lessor in and to the Trailers to any lien or encumbrance. In the event any tax reports are required to be made on the basis of individual Trailers, Lessees will either make such reports in such manner as to show the ownership of such Trailers by Lessor or will notify Lessor of such requirement and will make such report in such manner as shall be satisfactory to Lessor.

Lessor and Lessee covenant and agree that Lessor shall claim and retain any and all of the Investment Tax Credit allowable to Lessor by the Internal Revenue Code, as amended, for the purchase of the Trailers by Lessor and the lease of same by Lessor to Lessee under this Lease, and consequently, Lessee shall not

claim, or attempt to claim, said Investment Tax Credit. In addition, Lessee does hereby covenant and agree that it shall cooperate with Lessor in the compliance with any and all rules and regulations that may from time to time exist, the compliance with which counsel for Lessor shall deem necessary and appropriate in order to enable Lessor to retain the Investment Tax Credit on the Cars.

Furthermore, Lessee acknowledges that the monthly rental as set forth in Exhibit A for the Trailers has been predicated and agreed to upon and under the assumption and condition that the Lessor shall throughout the term of the Lease be entitled to all the tax benefits presently allowed to such owner and lessor by the Internal Revenue Code of 1954, as amended, through August 6, 1973 (the "Code"). Therefore, Lessee agrees that (a) if as a result of a change or amendment to the Code occurring subsequent to August 6, 1973, the Investment Tax Credit or depreciation pursuant to the Asset Depreciation Range presently allowable to Lessor as owner and lessor of the Trailers shall be changed to Lessor's detriment or (b) the Investment Tax Credit or depreciation on certain of the Trailers should become lost on account of Lessee's use, possession or operation of said Trailers prior to Lessor's purchase and lease thereof to Lessee then Lessee agrees to save and hold Lessor harmless from such unavailable or lost Investment Tax Credit or depreciation through the payment of additional rental which additional rental shall and must be due throughout the entire term of the Lease with respect to said Trailers. Lessee shall be obligated to pay any such additional rental payments at such time as there should be a determination that Investment Tax Credit or depreciation is not available on the Trailers in question as that term "Determination" is defined in Section 1313 of the Code.

SECTION 8. ~~MAINTENANCE~~, LIENS AND INSURANCE.

(a) Lessor makes no warranty or representation, either express or implied, in respect of the Trailers, including, without limitation, any warranty or representation as to the merchantability, fitness, design or condition of, or as to the quality of the material, equipment or workmanship in, or the quality of suitability of the Trailers delivered to Lessees hereunder, it being agreed that all such risks, as between Lessor and Lessees, are to be borne by Lessees.

(b) Lessees agree, during the continuance of this Lease, at Lessees' own cost and expense, to maintain and keep all of the Trailers in first class condition and repair and in good and efficient working order, reasonable wear and tear excepted, and acceptable for use in unrestricted interchange. Except for alterations or changes required by law, Lessees shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of the Trailers.

(c) Lessees agree that Lessor shall not be liable to Lessees for any liability, claim, loss, damage or expense of any kind or nature caused, directly or indirectly, by any Trailer or any inadequacy thereof for any purpose, or any deficiency or defect therein, or the use or maintenance thereof, or any repairs, servicing or adjustments thereto, or any delay in providing or failure to provide any thereof, or any interruption or loss of service or use thereof, or any loss of business, or any damage whatsoever and howsoever caused.

(d) Any parts installed or replacements made by Lessees upon any Trailer shall be considered accessions to such Trailer and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor except that this shall not apply to special equipment installed in any Trailer by Lessees with the consent of Lessor provided that such equipment is removed by Lessees before the Trailers are returned to Lessor and all damage resulting from such installation and removal is repaired by Lessees and further provided that removal of such equipment does not affect the Trailers' serviceability or use in unrestricted interchange.

(e) Lessees shall pay or satisfy and discharge any and all sums claimed by any party which, if unpaid, might become a lien or a charge upon the Trailers or entitled to priority over any of the rights of Lessor in and to the Trailers, but Lessees shall not be required to discharge any such claim so long as they shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Trailers.

(f) Lessee shall, self insure each Trailer from the time of delivery and acceptance thereof and at all times thereafter until Lessees' obligations under this lease with respect to such Trailer have been discharged, against loss, damage or destruction thereof caused by fire, lightning, theft, wreck, derailment, collision, flood, tornado, cyclone, sabotage, riot or civil commotion, such insurance, in the case of each Trailer, to be in an amount equal to the Stipulated Loss Value (the "Stipulated Loss Value") therefor as set forth in Exhibit D, provided, however, that any claims Lessor shall have against Lessee with regard to any of the aforesaid self insured risks shall be paid pari passu with any claims of any other of Lessees' secured creditors or lessors. In addition, Lessees shall with respect to the Trailers maintain Public Liability coverage satisfactory to Lessor as set forth in Exhibit E which is attached hereto.

In the event of repairable loss or damage to any Trailer, Lessee need not pay any amount to Lessor provided Lessee furnished Lessor with satisfactory proof that said Trailer has been repaired. In the event of the loss, destruction or damages beyond repair of any such Trailer, Lessee shall pay an amount to Lessor sufficient to satisfy the terms of Section 9 hereof.

(g) All liability policies required above shall contain a provision to the effect that the insurer will give Lessor thirty (30) days prior written notice before cancellation, termination, or modification of any such policy is effective.

(h) In the event Lessees are notified that Lessor has assigned this Lease and/or the rentals payable hereunder, Lessees shall provide insurance containing loss payable clauses satisfactory to both Lessor and Lessor's assignee. The Lessees shall furnish Lessor or Lessor's assignee with certificates or other satisfactory evidence of the maintenance of the insurance required hereunder.

SECTION 9. LOSS, THEFT OR DESTRUCTION OF TRAILER. In the event any Trailer is lost or stolen or is destroyed or damaged beyond economic repair from any cause whatsoever, or shall be requisitioned, taken over or nationalized by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (except by a Reorganized Company, as hereinafter defined), and all of the obligations of Lessees hereunder are not assumed by such governmental authority within sixty (60) days after such nationalization, Lessees shall promptly and fully inform Lessor of such occurrence and shall, within thirty (30) days after such occurrence, pay to Lessor, as liquidated damages in lieu of any further claim of Lessor hereunder in respect of such Trailer, except for accrued rent and such claims as arise or exist under Sections 7 and 8 hereof, an amount equal to the Stipulated Loss Value, less the amount of any insurance recovery received by Lessor.

SECTION 10. COMPLIANCE WITH LAWS AND RULES: INDEMNIFICATION. Lessees agree to comply in all respects with all laws of the jurisdictions in which their operations involving the Trailers may extend and with all lawful rules of the Federal Railroad Administration and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over Lessees or over the Trailers, to the extent that such laws and rules affect the operation, maintenance or use of the Trailers. In the event such laws or rules require the alteration of the Trailers, Lessees will conform therewith, at Lessees' expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Lessees may, in good faith, contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the property or rights of Lessor as owner hereunder.

Lessees hereby agree to indemnify, reimburse and hold Lessor harmless from any and all claims, demands, suits, judgments or causes of action for or on account of injury to or death of persons, or loss or damage to property which may result from or grow in any manner out of the control, use or operation of the Trailers under this Lease whether or not in the possession of

Lessees, provided, however, that Lessees do not assume liability in respect of representatives, agents or employees of the manufacturer or Lessor and provided further that Lessor will assign or pay over to Lessees any and all claims which it may have against third parties in respect of loss or damage to the Trailers if Lessees are not in default under this Lease.

SECTION 11. DEFAULT. If, during the continuance of this Lease or any extension thereof, one or more of the following events shall occur:

(a) default shall be made in the payment of any part of the rental provided in Section 3 hereof, or of any other sum to be paid hereunder, and such default shall continue for ten (10) days after written notice from Lessor to Lessees;

(b) Lessees shall make or suffer any unauthorized assignment or transfer of this Lease or of possession of the Trailers or any of them, except for requisitioning, taking over or nationalization as provided in Section 9 hereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Trailer or Trailers within thirty (30) days after written notice from Lessor to Lessees demanding such cancellation and recovery of possession;

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Lessees contained herein and such default shall continue for thirty (30) days after written notice from Lessor to Lessees specifying the default and demanding the same to be remedied;

(d) any material representation made by Lessees herein or hereunder or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made;

September 26, 1973

(e) the order dated _____ of the United States District Court for the Northern District of Ohio in the pending proceedings for the reorganization of the Railroad, authorizing the execution and delivery of this Lease by Lessees and their undertaking of the obligations, duties and liabilities hereof, shall be reversed, modified, amended or superseded in any material respect which might adversely affect any of the rights, powers, privileges and remedies of the Lessor under this Lease or of any assignee of the Lessor's right, title and interest in and under this Lease, and the order effecting such reversal, amendment, modification or superseding of said order shall not have been vacated or set aside or stayed within sixty (60) days from the date of entry thereof;

(f) a plan of reorganization of the Railroad is approved by the Court in the pending proceedings for the reorganization of the Railroad and said plan does not provide for the assumption by the Reorganized Company as hereinafter defined of each and every obligation of Lessees under this Lease in form and substance satisfactory to Lessor;

(g) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against any Reorganized Company as hereinafter defined and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees appointed in such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees within thirty (30) days after such appointment, if any, or sixty (60) days after such petition shall have been filed, whichever shall be earlier; or

(h) any proceedings shall be commenced by or against any Reorganized Company as hereinafter defined for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and all the obligations of Lessees under this Lease shall not have been duly assumed by a trustee or trustees or receiver or receivers appointed for such Reorganized Company or for its property in connection with any such proceedings or otherwise given the same status as obligations assumed by such

a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier; then in any such case (herein sometimes called an Event of Default), Lessor, at its option, may

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessees of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(2) by notice in writing to Lessees terminate this Lease, whereupon all right of Lessees to the use of the Trailers shall absolutely cease and determine as though this Lease had never been made, but Lessees shall remain liable as herein provided; and thereupon Lessees shall deliver possession of the Trailers to Lessor in accordance with Section 15 hereof unless such delivery is impossible because the Trailers or any portion thereof were requisitioned, taken over or nationalized as described in Section 9 and Lessor may, without Court order or without any other authorization, by its agents enter upon the premises of Lessees or other premises where any of the Trailers may be and take possession of all or any of such Trailers (damages occasioned by such taking of possession are hereby expressly waived by Lessees) and thenceforth hold, possess and enjoy the same free from any right of Lessees, or Lessees' successors or assigns, to use the Trailers for any purpose whatever; but Lessor shall nevertheless, have a right to recover from Lessees any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid for the use of the Trailers (including rentals accruing on the Trailers after the date of default); and also to recover forthwith from Lessees (to the extent not recovered pursuant to the foregoing) the following:

(i) as damages for loss of the bargain and not as a penalty, a sum, with respect to Trailers whose term has not expired, equal to the excess of the Stipulated Loss Value as set forth in Exhibit D as of the date of the termination of the Lease over the then present worth of the

Fair Rental Value of such Trailers from the date of said termination to the Terminal Day of the then current term (however, in no event shall the Fair Rental Value for purposes of this Section 11 exceed any actual rentals due Lessor from a third party pursuant to a contract entered into by Lessor and said third party subsequent to the termination of this Lease), plus interest on such excess at the rate of 10% per annum commencing to accrue on the date of such notice, and

(ii) all due and unpaid rent for such Trailers and any expenses incurred in the retaking, storage, repairing and lease, sale or other disposition, and reasonable attorneys' fees incurred by Lessor, plus an amount equal to accrued taxes and other amounts payable hereunder by Lessees with respect to the Trailers, all costs, expenses, losses and damages incurred or sustained by Lessor by reason of such default, and interest at the rate of 10% per annum on each of the foregoing items in this subparagraph (ii) and on all other sums not paid when due under this Lease.

If on the date of such termination or repossession, any Trailer is damaged, lost, stolen or destroyed or subject to requisition, takeover or nationalization by governmental agency, or is subject to any levy, seizure, assignment, application or sale for or by any creditor, Lessees shall also remain liable for payment of the Stipulated Loss Value as specified in Section 9 hereof.

The rights and remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other rights and remedies in its favor existing at law or in equity. Lessees hereby waive any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. No delay or omission of Lessor in the exercise of any power or remedy given herein shall be deemed a waiver of such power or remedy. In the event of any default, Lessor shall be entitled to recover reasonable costs and expenses, including attorneys' fees, as shall have been expended or incurred by Lessor in the enforcement of any right or privilege hereunder, plus interest at a rate of 10% per annum.

SECTION 12. POSSESSION AND USE OF THE TRAILERS, PER DIEM AND OTHER CHARGES.

(a) POSSESSION AND USE OF THE TRAILERS. Unless an Event of Default shall have occurred and be continuing, Lessees shall be entitled to the possession and use of the Trailers in accordance with the terms of this Lease. Lessees shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of their possession or control, any of the Trailers, except that Lessees may permit the use thereof or any part thereof by other railroad companies in the usual interchange of traffic.

(b) PER DIEM AND OTHER CHARGES. All per diem payments, sublease rentals and other charges payable for the use of the Trailers while being used by others and proceeds payable for lost, destroyed or damaged Trailers under the then current Code of Rules Governing the Settlement for Destroyed or Damaged Trailers adopted by the Association of American Railroads shall be paid to Lessor's agent, care of Lessor, who prior to default and until a successor is designated by Lessor may be the Lessees. Lessees shall cause appropriate instructions as to such payments to be published in each issue of the Official Railway Equipment Register. Prior to the occurrence of an Event of Default the amounts so paid shall be remitted by such agent to Lessees; provided, however, that if an Event of Default shall occur, no such payments, rentals or other charges shall be paid to Lessees from and after the occurrence of said Event of Default, and Lessees hereby release any claim thereto, and all such payments, rentals and other charges shall be remitted to the Lessor and may be applied by Lessor against any liability of Lessees to Lessor hereunder or any expense incurred by Lessor because of such default.

SECTION 13. ASSIGNMENT.

(a) All rights, benefits and advantages of Lessor hereunder may be assigned, pledged, mortgaged, transferred or otherwise disposed of, either in whole or in part, and/or Lessor may assign, pledge, mortgage, transfer or otherwise dispose of title to the Trailers, with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer or other disposition, this Lease and all of Lessees' rights under this Lease, and all

rights of any person, firm or corporation who claims or who may hereafter claim any rights under this Lease under or through Lessees, are hereby made subject and subordinate to the terms, covenants and conditions of any chattel mortgages, conditional sale agreements, agreements and assignments, and/or equipment trust agreements covering the Trailers or any of them heretofore or hereafter created and entered into by Lessor, its successors or assigns, and to all of the rights of any such chattel mortgagee, assignee, trustee or other holder of the legal title to the Trailers. Any assignment or transfer of the Lessees' leasehold interest hereunder in the Trailers and possession thereof permitted by this Section 13 that is made by Lessees, their successors or assigns, shall contain language which expressly makes such sublease subject to the subordination contained in this Subsection 13(a). At the request of Lessor or any chattel mortgagee, assignee, trustee or other holder of the legal title to the Trailers, the Trailers may be lettered or marked to identify the legal owner of the Trailers at no expense to Lessees. If during the continuance of this Lease any such marking shall at any time be removed or become illegible, wholly or in part, Lessees shall immediately cause such marking to be restored or replaced, at Lessor's expense. No such assignment by Lessor shall subject any assignee to or relieve Lessor from any obligation of Lessor hereunder.

(b) Lessees, without the prior written consent of Lessor, shall not sell, assign, transfer or encumber their leasehold interest under this Lease in any of the Trailers or sublet any of the Trailers, except that Lessees may assign and transfer their leasehold interest hereunder in the Trailers and the possession thereof to any railroad which shall have assumed all of the obligations hereunder of Lessees and into or with which Lessees shall have merged or consolidated (except to the extent that the provisions of any mortgage now or hereafter created on any of the lines of railroad of Lessees or any other liens authorized by the Court in the proceedings for the reorganization of the Railroad may subject such leasehold interest to the lien thereof). Any assignment prohibited by this Section 13 shall be void.

(c) Nothing in this Section 13 shall be deemed to limit the right of Lessees to assign and transfer Lessees' leasehold interest hereunder in the Trailers and the possession thereof to a

Reorganized Company (as hereinafter defined), or to a governmental agency empowered to acquire railroad equipment provided that all the obligations then existing or to accrue of Lessees under this Lease shall be assumed as a general obligation by such Reorganized Company or governmental agency.

(d) After any assignment and transfer of Lessees' leasehold interest hereunder in the Trailers and the possession thereof as above permitted nothing in this Section 13 shall be deemed to limit the right of the Reorganized Company (as hereinafter defined) as successor to Lessees, at any time further to assign and transfer their leasehold interest hereunder in the Trailers and the possession thereof to any successor which shall have assumed all of the obligations hereunder of Lessees and into or with which such Reorganized Company shall have merged or consolidated or which shall have acquired all or substantially all of the property of such Reorganized Company; nor shall anything in this Section 13 be deemed to limit such successive assignments and transfers.

(e) The term "Reorganized Company" shall mean any corporation (which may be the Railroad) or governmental agency which acquires the greater portion of the lines of railroad comprised in the Railroad's estate and thereafter shall include any successor which shall have become such in compliance with paragraph (d) of this Section 13.

(f) The term "Lessees" whenever used in this Lease means Thomas F. Patton and Ralph S. Tyler, Jr., Trustees of the property of the Railroad, as well as any successor or additional trustees of such property, before any assignment and transfer of Lessees' leasehold interest hereunder in the Trailers and the possession thereof to a Reorganized Company or such governmental agency as hereinbefore provided in this Section 13 and thereafter shall mean any Reorganized Company or governmental agency.

(g) The liabilities and obligations of said Trustees, Thomas F. Patton and Ralph S. Tyler, Jr., as well as of any such successor or additional trustees, under and in respect of this Lease, are the liabilities of such Trustees, or any or all of them, solely as trustees of the property of the Railroad, and not individually. Said Trustees and any successor or additional

trustees shall not be relieved of their liabilities or obligations as such Trustees under or in respect of this Lease, except upon any assignment and transfer of Lessees' leasehold interest hereunder in the Trailers and the possession thereof to a Reorganized Company or governmental agency as hereinbefore provided in this Section 13.

SECTION 14. REPORTS; RIGHT TO INSPECT THE TRAILERS.

(a) During the continuance of this Lease, and without demand, Lessees agree that they and their agents, employees and representatives will cooperate with Lessor in the investigation and defense of any and all claims against Lessor which may arise as a result of the alleged or apparent improper manufacturing, functioning or operation of any of the Trailers and that they will aid in the recovery of damages from any third parties responsible therefor.

(b) During the continuance of this Lease, Lessees will, as soon after the close of each fiscal year of Lessees as practicable, furnish to Lessor in duplicate copies of Lessees' most recent financial reports, including Lessees' most recent annual report and/or balance sheet and profit and loss statement, certified by either a recognized firm of Certified Public Accounts, or by the chief financial officer designated by Lessees. Interim statements, so certified, will be furnished by Lessees as requested by Lessor.

(c) During the term hereof, Lessees will furnish to Lessor, on or before May 1st in each year (commencing with the year 1974) and on such other dates as Lessor may from time to time reasonably request, an accurate report certified by a duly authorized agent of Lessees or officer of the Railroad stating as of a recent date (but, in the case of each annual statement, not earlier than the preceding December 31 and in the case of any other such statement, not earlier than a date ninety (90) days preceding the date of such statement):

(a) (i) Lessee's car numbers of the Trailers then subject to this Lease, (ii) Lessees' Trailer numbers of all Trailers that have become worn out, lost, destroyed, irreparably damaged or rendered

permanently unfit for use since the date of the previous report (or since the date hereof in the case of the first such report), (iii) Lessees' Trailer numbers of all Trailers being repaired or awaiting repairs, and (iv) Lessees' Trailer numbers of all Trailers that have been requisitioned, taken over or nationalized by any governmental authority since the date of the previous report (or since the date hereof in the case of the first such report); (b) that all Trailers then subject to the Lease have been maintained in accordance with Subsection 8(b) hereof or, if such not be the case, are then being repaired in accordance with Section 8 hereof, and that the legend placed on the Trailers as required by Section 6 hereof has been preserved or repainted on each side of each and that Lessees' identifying reporting mark and the appropriate Trailer number have been preserved or repainted on each side of each Trailer as required by Section 6 hereof; and (c) such other information regarding the location, condition and state of repair of the Trailers as Lessor may reasonably request.

(d) Lessor and/or its assignee shall have the right, at its sole cost and expense, by its authorized agents, employees and/or representatives, to inspect the Trailers and Lessees' records with respect thereto, at such times and from time to time during the continuance of this Lease as may be reasonably necessary to confirm to the satisfaction of Lessor and/or its assignee the existence and proper maintenance of the Trailers; provided, however, that notwithstanding any contrary provision hereof, Lessees do not assume liability for injury to, or the death of, any agents, employees and/or representatives of Lessor or other persons while exercising any right of Lessor and/or its assignee under this Subsection 14(d).

SECTION 15. RETURN OF TRAILERS. Upon the expiration of the term of this Lease, or if Lessor shall rightfully demand possession of the Trailers pursuant to this Lease or otherwise, Lessees shall forthwith remove or cause any lettering of the names or initials or other insignia customarily used by Lessees to be removed from the Trailers at their cost and expense and deliver the possession of the Trailers to Lessor. For such purpose Lessees shall at their own cost and expense forthwith assemble

the Trailers and place them in such storage areas of Lessees as Lessor may designate, or, in the absence of such designation, as Lessees may select, and Lessees shall permit Lessor to store said Trailers in such areas for a period not exceeding one hundred (100) days from the date that all Trailers are so assembled at the risk of Lessor, and shall at their own cost and expense transport or cause to be transported the same or any thereof, at any time within such one hundred (100) day period, to Manufacturer's plant at Westpoint, New York or to any place or places on the lines of railroad operated by them or to any connecting carrier for shipment, all as directed by Lessor. The assembling, delivery, storage and transporting of the Trailers as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessees so as to assemble, deliver, store and transport the Trailers.

Without in any way limiting the obligation of Lessees under the foregoing provisions of this Section 15, Lessees hereby irrevocably appoint Lessor as the agent and attorney of Lessees, with full power and authority, at any time while Lessees are obligated to deliver possession of any Trailer to Lessor, to demand and take possession of such Trailer in the name and behalf of Lessees from whomsoever shall be at the time in possession of such Trailer.

Except as otherwise provided in Section 9 hereof, in the event that any Trailer or Trailers subject to this Lease are not redelivered to Lessor on or before the date on which the term of this Lease expires, all of the obligations of Lessees under this Lease with respect to such Trailer or Trailers shall remain in force and effect until such Trailer or Trailers are redelivered to Lessor.

SECTION 16. PURCHASE OPTIONS. Provided that this Lease has not been earlier terminated and Lessees are not in default hereunder, Lessees may elect to purchase all but not less than all of the Trailers covered by this Lease at the time and in the manner specified in Section 2 hereof.

If on or before four months prior to the intended purchase, Lessor and Lessees are unable to agree upon a determination of the Fair Market Value of the Trailers, the Fair Market Value shall be determined by an independent appraiser mutually agreed upon by the Lessor and Lessees, or failing such agreement, a panel of three independent appraisers, one of whom shall be selected by Lessor, the second by Lessees and the third designated by the first two so selected. The appraiser or appraisers shall be instructed to make such determination within a period of thirty days following appointment and shall promptly communicate such determination in writing to Lessor and Lessees. The determination so made shall be conclusively binding upon both Lessor and Lessees. The expenses and fees of the appraiser or appraisers shall be borne by Lessees.

Fair Market Value shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession and (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

SECTION 17. MODIFICATION OF LEASE. This Lease and the Warranty Assignment exclusively and completely states the rights of the Lessor and Lessees with respect to the Trailers. No modification, variation, termination, discharge or abandonment hereof and no waiver of any of the provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of Lessor and Lessees, or the successors, transferees or assigns of either, subject, however, to the limitations on assignment hereof by Lessees.

SECTION 18. SECTION HEADINGS AND CERTAIN REFERENCES. All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease. Unless otherwise indicated, all references herein to sections, subsections, clauses and other subdivisions refer to the corresponding

sections, subsections, clauses and other subdivisions of this Lease; the words "herein", "hereof", "hereby", "hereto", "hereunder", and words of similar import refer to this Lease as a whole and not to any particular section, subsection, clause or other subdivision hereof; and reference to a numbered or lettered subdivision of a section shall include relevant matter within the section which is applicable to but not within such numbered or lettered subdivision.

SECTION 19. CERTAIN APPLICABLE LAWS. Any provision hereof prohibited by or unlawful or unenforceable under any applicable law of any jurisdiction shall as to such jurisdiction be ineffective without modifying the remaining provisions of this Lease. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by Lessees to the full extent permitted by law, to the end that this Lease shall be deemed to be a valid, binding agreement enforceable in accordance with its terms.

SECTION 20. 360 DAY YEAR. Computations hereunder involving the determination of interest shall be made on the basis of a 360-day year of twelve 30-day months.

SECTION 21. NOTICES. All demands, notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered to Lessees or any officer of Lessor or delivered to the United States post office, registered to certified, postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to the Lessor:

Greyhound Leasing & Financial Corporation
Greyhound Tower
Phoenix, Arizona 85077
Attention: Executive Vice President

If to the Lessees:

Trustees of the Property of
Erie Lackawanna Railway Company, Debtor
Midland Building
Cleveland, Ohio 44115
Attention: Asst. Vice President - Finance

or to such other addresses as may hereafter be furnished in writing by either party to the other.

SECTION 22. GOVERNING LAW. The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Illinois

SECTION 23. SURVIVAL OF COVENANTS. Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 7, 8, 9, 10, 11, 12, 13, 14 and 15 hereof shall survive the expiration or termination hereof.

SECTION 24. SUCCESSORS AND ASSIGNS. Subject to the provisions of Section 13, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessees and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

SECTION 25. EXECUTION IN COUNTERPARTS. This Lease may be executed simultaneously in several counterparts, each of which so executed shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

SECTION 26. RECORDING. Lessees, without expense to Lessor, will cause this Lease and all amendments, supplements and assignments hereof or thereof, to be duly filed and recorded and re-filed and re-recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and this Lease to be deposited with the Registrar General of Canada in accordance with Section 148 of the Railway Act (and notice of such deposit to be given in the "Canada Gazette" pursuant to said Section 148). Lessees will promptly furnish to Lessor certificates or other evidences of such filing and recording and re-filing and re-recording and an opinion satisfactory to Lessor of Counsel for Lessees, or an attorney designate by him satisfactory to Lessor, with respect thereto. In addition, Lessees shall do and perform all such other acts as may be required by law, or reasonably requested by Lessor, for the protection of Lessor's title to and interest in the Trailers.

SECTION 27. OTHER EQUIPMENT LEASES AND SECURED OBLIGATIONS.

Lessees agree that, during the continuance of this Lease, Lessees will not assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of equipment or other tangible personal property, (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of Lessees under this Lease, or (ii) if such liabilities or obligations would be secured, by any mortgage, lien or other security interest in property of the Railroad or Lessees (except the equipment or other property involved in the particular transaction) unless the obligations of Lessees under this lease are equally and ratably secured thereby.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessees have caused this Lease to be executed on their behalf by one of the Lessees thereunto duly authorized, all as of the day and year first above written.

GREYHOUND LEASING & FINANCIAL
CORPORATION

By


Vice President

ATTEST:

By Frank B. McConnell

Assistant Secretary

THOMAS F. PATTON and RALPH S. TYLER, JR.
Trustees of the property of ERIE
LACKAWANNA RAILWAY COMPANY, DEBTOR

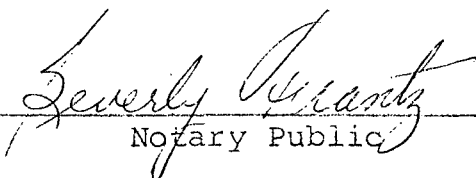
By 

WITNESS:

By Norma Juneja

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

On this 28th day of September, 1973, before me personally appeared Walter L. Crowley, to me know to be the person described in and who executed the foregoing instrument, and he acknowledged that he executed the same as his free act and deed and as the free act and deed of Greyhound Leasing & Financial Corporation.

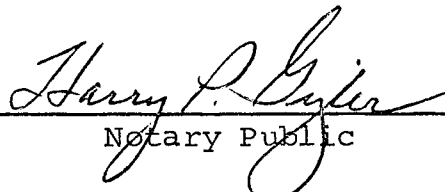


Notary Public

My Commission Expires Sept. 28, 1974

STATE OF OHIO)
) ss.
COUNTY OF CUYAHOGA)

On this 2ND day of October, 1973, before me personally appeared Ralph S. Tyler, Jr., to me known to be the person described in and who executed the foregoing instrument, and he acknowledged that he executed the same as his free act and deed and as the free act and deed of the Trustees of the Property of Erie Lackawanna Railway Company, Debtor.



Notary Public

My Commission expires July 24, 1974.

EXHIBIT A

<u>Description of Trailers</u>	<u>Number of Trailers</u>	<u>Specifications</u>	<u>Base Price Per Trailer</u>	<u>Monthly Rental Per Trailer</u>
a) Piggyback Trailers 40' by 13'0"	150	Manufacturer's Specifications	\$5,764.50	\$76.44
b) Piggyback Trailers 40' by 13'6"	150	Manufacturer's Specifications	\$5,809.50	\$77.03

The monthly rental per Trailer stated above assumes that the base price per Trailer stated above is in fact the actual price paid by Lessor. In any event the monthly rental per Trailer is equal to 1.326% of the actual price paid by Lessor to the manufacturer for each respective Trailer.

EXHIBIT B

CERTIFICATE OF INSPECTION AND ACCEPTANCE

Through their authorized representatives, Thomas F. Patton and Ralph S. Tyler, Jr., as Trustees of the property of The Erie Lackawanna Railway Company, Debtor, (Lessees), do hereby certify to Grayhound Leasing & Financial Corporation (Lessor) that _____ trailers (Delivered Trailers) manufactured by Trailmobile, a division of Pullman Inc. (Manufacturer), bearing the identifying reporting mark _____ and trailer numbers of Lessees as follows:

have been delivered as of this _____ day of _____, 197__ (Delivery Date) pursuant to the Lease of Railroad Equipment, dated as of _____, 197__, between Lessor and Lessees (the Lease); and the Lease with respect to said Delivered Trailers shall commence as of the said Delivery Date.

The Lessees further certify:

1. that during the manufacture of said Delivered Trailers by the Manufacturer, the Lessees either personally or through qualified inspectors working under his supervision, inspected, in accordance with inspection and testing practices and methods which in his opinion are adequate for the protection of Lessor, the materials and other components which were incorporated in, and the construction of, said Delivered Trailers;

2. that the materials and other components incorporated in, and the construction of, said Delivered Trailers comply fully with, and said Delivered Trailers have been completed in full accordance with, the Specifications referred to in the Lease; and was otherwise in all respects satisfactory and acceptable to Lessee on said Delivery Date.

3. that said Delivered Trailers have been delivered in good order and ready for service by the Manufacturer directly to the Lessees, at Manufacturer's _____ plant, and were accepted by the Lessees as of the Delivery Date in accordance with the provisions of the Lease;

4. that there was plainly, distinctly, and conspicuously placed upon each side of each such Delivered Trailer at the time of its delivery and acceptance a legend bearing the following words in letters not less than one inch in height:

"GREYHOUND LEASING & FINANCIAL CORPORATION,
OWNER AND LESSOR", Phoenix, Arizona; and

5. that the representatives and warranties contained in Section 4(b) of the Lease were true as of the Delivery Date, and that there has been no Event of Default as defined in Section 11 of the Lease as of the Delivery Date.

Date _____, 197__.

Duly Authorized Representative of
Thomas F. Patton and Talph S. Tyler, Jr.,
as Trustees of the property of The Erie
Lackawanna Railway Company, Debtor.

EXHIBIT C

SUPPLEMENT DATED , 197 TO LEASE OF RAILROAD
EQUIPMENT DATED AS OF , 197 from GREYHOUND LEASING &
FINANCIAL CORPORATION, Lessor, to THOMAS F. PATTON AND RALPH S.
TYLER, JR., TRUSTEES OF THE PROPERTY OF THE ERIE LACKAWANNA
RAILWAY COMPANY, DEBTOR, Lessees.

Lessor and Lessees agree that the Trailers, as defined below,
are the only trailers subject to the Lease and that all other
trailers described in the Lease are hereby deleted therefrom.

Lessor and Lessees hereby confirm that the below described
piggyback trailers (the Trailers) manufactured by Trailmobile,
a division of Pullman Inc. (Manufacturer) for sale to Lessor
were delivered to Lessees on or before the date hereof:

Lessor and Lessees confirm that the Trailers were inspected
by duly appointed and authorized representatives of Lessees in
accordance with Section 1 of the aforesaid Lease of Railroad
Equipment. Such inspection showed (a) that the Trailers have
been constructed in accordance with the Specifications, all
applicable Federal Railroad Administration requirements and all
standards recommended by the Association of American Railroads
and (b) that there was plainly, distinctly, permanently and
conspicuously placed upon each side of each Trailer a legend on
which plainly and conspicuously appear the following words in
letters not less than one inch in height:

"GREYHOUND LEASING & FINANCIAL CORPORATION,
OWNER AND LESSOR"

and that each side of each Trailer was plainly and distinctly marked with the Railroad's Road Number set forth above with respect thereto.

Lessor and Lessees confirm that on the aforesaid dates of delivery the Trailers were duly accepted by a representative of Lessees in accordance with Section 1 of the Lease of Railroad Equipment, and Lessees acknowledge that the Trailers are now held by Lessees subject to the terms and conditions of the aforesaid Lease of Railroad Equipment, including the payment to the rentals provided for therein with respect to the Cars to Lessor.

IN WITNESS WHEREOF, Lessor has caused this Supplement to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessees have caused this Supplement to be executed on their behalf by one of the Lessees thereunto duly authorized, the day and year first above written.

ATTEST:

GREYHOUND LEASING & FINANCIAL
CORPORATION

Assistant Secretary

By _____
Vice President

THOMAS F. PATTON AND RALPH S.
TYLER, JR., TRUSTEES OF THE
PROPERTY OF THE ERIE LACKAWANNA
RAILWAY COMPANY, DEBTOR

By _____
One of the Trustees

EXHIBIT D

The table below provides a list of Greyhound's Stipulated Loss Values stated as a percentage of the purchase price calculated at the end of each quarterly period throughout the eight (8) year basic lease term.

<u>END OF QUARTER</u>	<u>BOOK VALUE AS A PERCENT OF PURCHASE PRICE</u>
0	100.0000
1	100.5487
2	99.8400
3	99.0235
4	98.0992
5	97.0671
6	95.9273
7	94.6797
8	93.3243
9	91.8612
10	90.2902
11	88.6115
12	82.3378
13	80.4435
14	78.4415
15	76.3317
16	74.1140
17	71.7887
18	69.3555
19	66.8145
20	59.6786
21	56.9221
22	54.0578
23	51.0858
24	48.0059
25	44.8183
26	41.5229
27	38.1197
28	30.3124
29	26.6069
30	22.8197
31	18.9507
32	15.0000

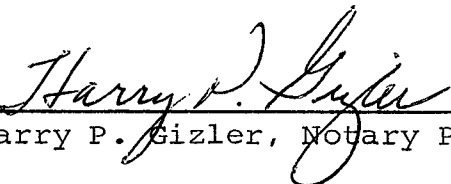
EXHIBIT E

Lessees shall maintain or cause to be maintained, with respect to its activities and operations in which the Trailers shall be utilized, liability insurance of the scope and limits normally carried by Lessees, and in such types and limits as are customarily carried by comparable companies under similar circumstances, or as in the judgment of the Lessee's Trustees are adequate to protect activities and operations of Lessees, such insurance to be maintained either through commercial insurers of recognized responsibility or through a program of self-insurance maintained by or for the benefit of Lessees in accordance with sound business practice, or through a combination of such methods. Lessees presently maintain with commercial insurers Excess Personal Injury and Property Damage Liability Insurance, in the amount of \$20,000,000 with a \$500,000 deductible, covering liability of Lessees', including liability assumed under any contract or agreement, arising out of any occurrence or occurrences caused by or growing out of Lessees' operations anywhere in the world, and all operations incidental thereto.

CERTIFICATION

The undersigned, Harry P. Gizler, Notary Public
in and for the County of Cuyahoga, State of Ohio, hereby
states:

1. That he has compared the instrument to which
this certification is attached with the
original document, and
2. That it is a true and correct copy of said
original document in all respects.



Harry P. Gizler, Notary Public

My Commission expires July 24, 1974.

October 9, 1973.

NOTICE OF ASSIGNMENT

This is to advise that, effective April 1, 1976, 12:01 a.m., the Financing Agreement described below has been assigned to the Consolidated Rail Corporation by the Trustees of:

Erie Lackawanna Railway Company
Midland Building
Baltimore, Maryland 21201

The Financing Agreement is a Lease Agreement
, dated September 28, 1973 ,
bearing the ICC recordation number 7178 .

The payee's name and address is:

Greyhound Leasing & Financial Corp.
Greyhound Tower
Phoenix, Arizona 85077

This Notice of Assignment has been placed in the file of the ICC recordation number listed above and the entire assignment is contained in the ICC recordation file stamped in the margin of this assignment. A copy hereof will be promptly mailed to the payee listed above for distribution to the beneficial holder(s) of the Financing Agreement described in this Notice of Assignment.

Consolidated Rail Corporation